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community room will include a 234 square foot kitchen and 2 bathrooms each containing 105 square feet.

Elements of Depreciation

<i>Physical Deterioration</i>	As the subject property will be newly constructed, no physical deterioration is present.
<i>Functional Obsolescence</i>	No functional obsolescence was noted in the plans presented for our review. The proposed layout of the apartments, including the average unit sizes and fixture packages, is considered to offer a competitive to superior choice in the immediate housing market.
<i>Economic Obsolescence</i>	The subject property is well located within a highly-affluent neighborhood containing the requisite level of services and transportation necessary for multi-family operation. The subject property will be the 1 st luxury residential multi-family product in the immediate neighborhood and its central location proximate a myriad of residential, retail, houses of worship, and public transportation options is expected to enhance the marketability of the proposed development. As such, no items of external obsolescence were noted.
<i>Conclusions</i>	The design and overall utility of the scheduled improvements are considered to more than adequately support the subject property's Highest and Best Use as a proposed multi-family building. The unit count is considered to be in response to the influencing market and the units are anticipated to achieve an absorption rate at or above current standards exhibited in the competitive markets.

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REAL ESTATE ASSESSMENTS AND TAXES

Introduction

The subject property is under the taxing jurisdiction of Nassau County, the Village of Lawrence, and the Lawrence Union Free School District.

Assessor's Identification

According to the Nassau County tax map, the subject property is identified as Section 40, Block B, Lots 21, 22, and 23.

"As Is" RE Tax Liability

As noted, the subject property was originally constructed as an elementary school and was previously owned by the Lawrence Union Free School District. Prior to 2008, there had been no historic assessments for the subject property in either the Village or County, as properties of this type are tax-exempt. As of the 2009/10 tax year, a total assessed value of \$8,100 per year has been placed on the property for the County, Town, and School District taxes, and an assessed value of \$2,025 per year has been placed on the property by the Village of Lawrence. The following table details the existing tax liability for the current tax year, for all jurisdictions.

REAL ESTATE TAX LIABILITY – 2009/10 TAX YEAR

Taxing Jurisdiction	Total Assessed Value	Tax Rate (per \$100)	Total RE Tax Liability
County/Town	\$8,100	\$147.664	\$11,961
School	\$8,100	\$202.013	\$16,363
Village	\$2,025	\$71.600	<u>\$1,450</u>
		Total	\$29,774

Source: Submitted tax bills

As indicated on the foregoing table, the total real estate tax liability for the subject property is \$29,774 per year for the 2009/10 tax year. Against a total land area of 163,003 square feet, the tax liability equates to \$0.18 per square foot. Based upon conversations with representatives from both the County and Village assessor's offices, vacant land is typically assessed between \$0.05 and \$0.20 per square foot. Accordingly, the subject property's land appears to be appropriately assessed given that the site includes a partially completed foundation. However, it is noted that neither tax bill indicates any assessed value attributed to improvements. It is noted that any future development of the subject property would trigger a re-assessment.

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*Tax Liability as
Rental Property*

As indicated within a following section, we have considered a hypothetical construction of a rental investment property for purposes of estimating the residual value of the underlying land. Salient to that analysis is a hypothetical pro-forma analysis of income and expenses as a rental property, including an estimate of real estate taxes.

In general, the Assessor will derive a market-oriented assessed value via the Income Capitalization Approach by utilizing a ratio of real estate tax liability against the effective collections of a rental property. In Nassau County, this ratio typically ranges between 15% and 20% of effective collections, depending upon the age and condition of the facility, and the number of units.

Comparable Assessments

In order to project the real estate tax liability upon completion as a rental property, we have reviewed the real estate tax liabilities of comparable rental facilities in the Village of Lawrence. It is noted that all of the facilities cited were constructed prior to 1985. The following table summarizes our research.

COMPARABLE REAL ESTATE TAXES

Address	Area (Sq.Ft.)	Current Tax Liability	Tax Liability per Sq.Ft.
220 Central Avenue	36,716	\$161,701	\$4.40
230 Central Avenue	25,528	\$140,879	\$5.52
250 Central Avenue	50,288	\$182,320	\$3.63
255 Central Avenue	19,060	\$75,661	\$3.97
269 Central Avenue	11,782	\$56,224	\$4.77
261 Central Avenue	39,444	\$160,462	\$4.07
275 Central Avenue	12,600	\$66,626	\$5.29
284 Central Avenue	38,888	\$135,518	\$3.48
285 Central Avenue	39,202	\$180,318	\$4.60
360 Central Avenue	166,360	\$649,452	\$3.90
		Minimum:	\$3.48
		Maximum:	\$5.52
		Average:	\$4.36

Source: Nassau County Assessor's Office; Calculations by MVS

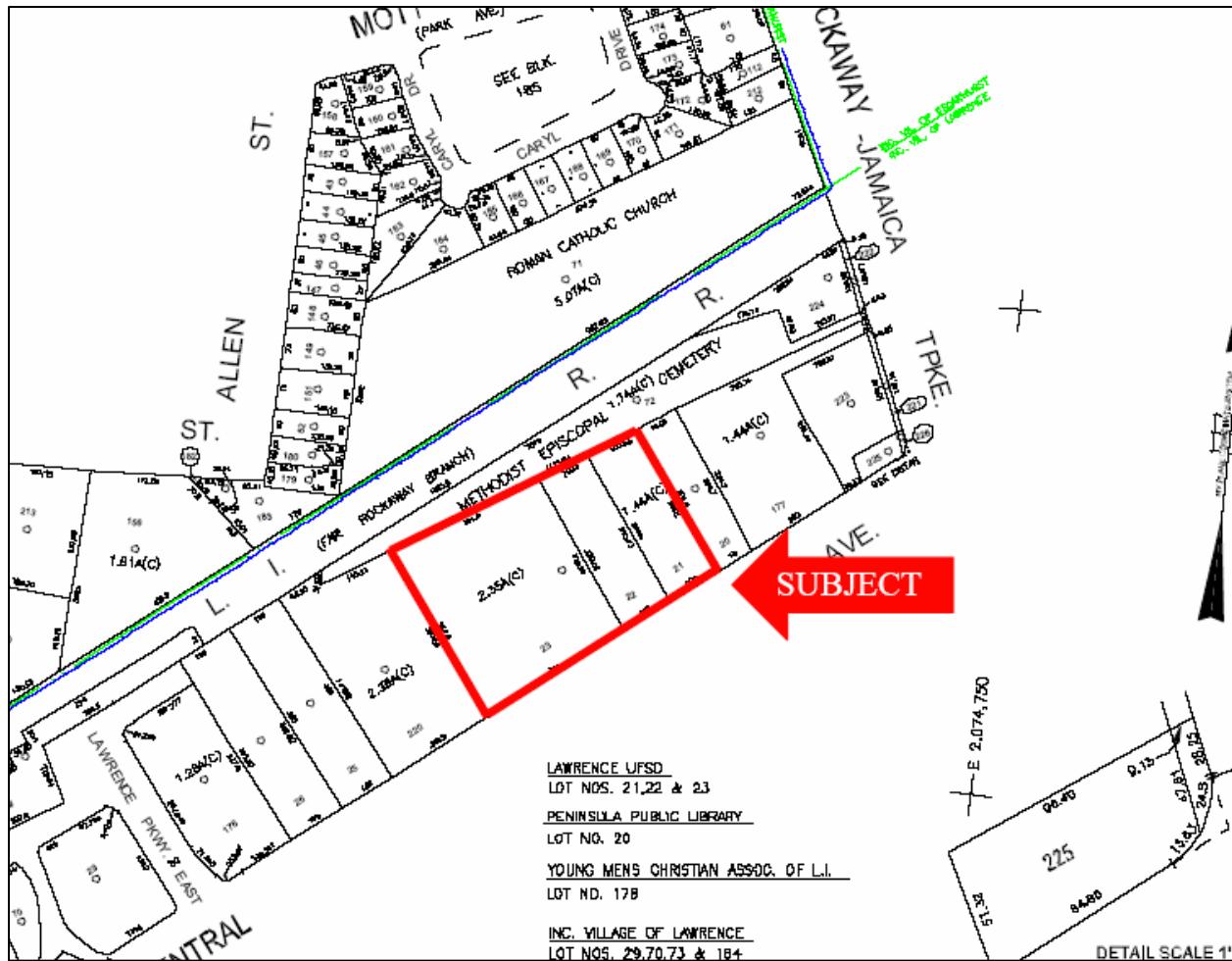
The comparable data illustrates real estate tax liabilities for comparable properties ranging between \$3.48 and \$5.52 per square foot, averaging \$4.36 per square foot. In consideration of the subject property's location and assumed excellent condition of

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the proposed improvements upon a hypothetical completion as of a current date, we have processed a real estate tax liability equivalent to \$5.00 per square foot of gross building. Against 247,812 square feet, the tax liability is rounded to \$1,239,100 per year as a rental property. This equates to 17.6% of the projected EGI within the Income Capitalization Approach, an amount which is considered to be market-oriented.

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TAX MAP



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HIGHEST AND BEST USE

Introduction

Highest and best use is the underlying premise upon which value is based. Typically, the concluded highest and best use will determine the valuation method and market comparables which will be employed. Highest and best use is defined by the Appraisal Institute in *The Dictionary of Real Estate Appraisal, Fourth Edition*, as:

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity."

Highest and Best Use as though Vacant

The highest and best use of the site as though vacant is, among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of the property is based on the assumption that the land is vacant or can be made vacant by demolishing any improvements.

Legal Permissibility

This test addresses which uses are permitted by zoning and private restrictions on the site. The subject site is situated in the Residence-E zoning district as promulgated by the Village of Lawrence. Multifamily dwelling units are permitted and the proposed improvements are considered to be a legal use. It is noted that variances for height, site coverage, and density were unanimously granted to the developer by the Village Board. As noted, the variance will continue with the land given any change in ownership. Alternative uses, such as the development of single-family dwellings, have been considered as well. However, given the decline in home values in the immediate and surrounding competitive markets, and especially given the costs associated with the removal of the existing foundation, a development of this type is not likely.

Physical Possibility

This test addresses the physical characteristics associated with the site that might affect its highest and best use. The subject property site is a 163,003 square foot mid-block site, with 500 feet of frontage along the northerly side of Central Avenue. The site is level, following the natural topography of the land. There are no

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physical or functional problems with the site which would hinder development.

Financial Feasibility

This test addresses the demand for uses that have passed the first two tests. As long as a potential use has value commensurate with its cost, and at the same time conforms to the first two tests, that use is financially feasible.

The subject property's immediate area is predominantly residential in character, just southwest of the central business district of the Village of Lawrence. Based on rental pricing and demand for multifamily housing opportunities, multifamily development, if appropriately designed and configured, is currently feasible when market conditions stabilize. For-sale condominium housing is not presently in significant demand.

Maximum Productivity

This applies to the uses that have passed the first three tests. The maximally productive use is the selected land that yields the highest value of the possible uses. Given a shift toward rental housing from home-ownership as marked by significant decreases in the for-sale product since the beginning of the current recession, and the perception of the immediate area as a desirable, highly-affluent residential neighborhood, residential rental development for the prospective building is maximally productive, upon an improvement in market conditions. However, the lack of available construction loan financing precludes development in the short term. Therefore, it is maximally productive for a short-term hold followed by development in more favorable market conditions. Based on the preceding, the Highest and Best Use as vacant is for a short-time hold and the subsequent residential development once market conditions improve. The improvements should be constructed to its maximum allowable bulk and be in conformity with current regulations and the surrounding neighborhood.

Conclusion

Based on the preceding, the Highest and Best Use as though vacant is for a short-time hold and the subsequent residential rental development once market conditions improve. The improvements should be constructed to its maximum allowable bulk and be in conformity with current regulations and the surrounding neighborhood.

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***Highest and Best Use
as Improved***

As of the date of value, the subject property site was improved only with a partially completed, E-shaped foundation. The Highest and Best use as Improved is the completion of a multi-family residential rental development upon an improvement in market conditions.

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THE APPRAISAL PROCESS

Introduction

There are three traditional approaches that can be employed in establishing market value. The following summarizes these approaches and their applicability to the scope of the assignment.

The Sales Comparison Approach

The Sales Comparison Approach is an estimate of value based upon a process of comparing recent sales of similar properties in the surrounding or competing areas to the subject property. Inherent in this approach is the principle of substitution. The principle of substitution as it applies to the subject property states that, given comparable buildings offering similar utility, the building that is priced most competitively will attract the greatest demand.

As a development site, a Sales Comparison Approach has been utilized in our valuation of the subject property.

Income Capitalization Approach

The Income Capitalization Approach is a process in which the anticipated flow of future benefits is discounted to a present worth through the capitalization process. The Income Capitalization Approach is widely applied in appraising income producing properties. The reliability of this technique is dependent upon both the reliability of the net income estimate and the capitalization process.

There are two primary income capitalization methods: direct capitalization, which converts a single year's stabilized net operating income into an indication of value and the yield capitalization via the discounted cash flow analysis, which estimates the present worth through the process of discounting the forecasted net incomes and the reversionary sale over the course of an anticipated investment period. We have employed an Income Capitalization Approach utilizing the Land Residual method in our analysis, which assumes a hypothetical construction of a rental investment property on the site as of the date of value.

The Cost Approach

This method estimates the replacement or reproduction cost of the improvements, less the estimated depreciation (physical, functional, economic), plus the estimated market value of the land, in order to arrive at a value indication. This approach is based on the premise that an informed purchaser would pay no more for a

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property than the cost of constructing a building of similar utility and condition. However, the subjectivity of estimating the construction costs, amount of accrued depreciation and the selection of an appropriate level of entrepreneurial profit combine to make this method one that is infrequently relied upon for older properties. As the subject property is a development site, this approach is not applicable. However, elements germane to this approach are utilized within the Land Residual valuation in the Income Capitalization Approach.

Reconciliation

A final step in the appraisal process is the reconciliation of the value indications. In the reconciliation or correlation, the appraiser considers the relative applicability of each of the three approaches, examines the range between the value indications, and places major emphasis on the approach that appears to produce the most reliable solution to the specific appraisal problem. The purpose of the appraisal, the type of property, the adequacy and reliability of the data are analyzed, and appropriate weight is given to each of the approaches to value.

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THE SALES COMPARISON APPROACH – LAND VALUATION

Introduction

The Sales Comparison Approach is an estimate of value derived from a sales comparison with similar type properties. This method directly reflects the actions of buyers and sellers in the marketplace. Substitution is the underlying principle affecting the choice of buyers and sellers, and which implies that a prudent investor will not pay more to buy a property than it would cost to buy a comparable substitute property. The price a typical purchaser pays is usually the result of a comparison process of various alternatives. This approach is utilized in this appraisal in estimating the value of the subject property's underlying land.

Land Valuation

The market value of the subject property site, as if vacant, unencumbered and available to be put to its Highest and Best Use, is best indicated by an examination of land sales similar in quality and utility to the subject property site. We have researched land sales of similar proposed multifamily developments in the subject property's immediate and surrounding competitive areas of Long Island. Each of the 7 comparable sales cited has either gone to contract or been consummated within the last 36 months. Although not necessarily an exhaustive survey of sales of residential development sites within the influencing area, the comparables chosen are deemed to provide an adequate sampling through which a land value for the subject property site may be estimated.

The subject property site contains an aggregate land area of 3.74 acres of land, or 163,003 square feet. The Village of Lawrence has approved a variance to permit a 144-unit residential development. Accordingly, the basis for the land valuation will be based upon 144 allowable units.

The comparative process involves judgment as to the similarity between the subject property's site and the comparable property sales with regard to a variety of factors affecting value. The following adjustment variables have been considered.

Adjustment Variables

Time

An adjustment for market conditions was performed for the transfers. Significant tracts of developable land in the most desirable areas of Nassau County have become increasingly scarce in recent years. This shortage of developable land, coupled with the substantial increase in the overall wealth levels for the area, has led to

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significant increases in the residential sales prices over the past several years prior to the economic collapse of September 2008. Land sales, especially larger development slights slated for residential subdivisions, realized significant value decreases since that time. Speculative residential development and long approval processes in the competitive municipalities have led to a noticeable lack of land sales activity in the last 18 months. Given the precipitous decline in land values over the past 2 years, we have applied significant downward adjustments of varying degrees to all sales with the exception of Comparable Land Sales No. 1 and 2, both of which sold in 2009 under similar market conditions.

Location The subject property is ideally situated in an affluent residential section of the Village of Lawrence, in the Five Towns area of the Town of Hempstead, in southwestern Nassau County. As illustrated in the *Neighborhood Analysis* section of this report, the subject property's immediate area is proximate to all residential amenities and has been experiencing a period of commercial and residential growth in recent years. For purposes of this analysis, and where appropriate, adjustments are made for locational attributes including proximity to local transportation, access to local neighborhood services including retail centers, and general residential setting and appeal.

Yield Potential The land sales are compared to the subject on the basis of their maximum permitted dwelling units. The magnitude of the aggregate acquisition price and scope of construction tend to limit the potential pool of investors, which may impact the resultant price per unit. As sites with an inferior yield potential typically trade for a greater amount per unit, an appropriate adjustment will be applied where developable area factors are apparent. Adjustments for developable units assume that smaller projects attract a larger pool of investors, thereby causing the price per unit to increase somewhat. Accordingly, sites yielding a larger development trade for lower prices per unit than small sites.

Utility Adjustments have been made to account for the development constraints associated with the layout and location of a site. Sites located along heavily trafficked thoroughfares are subject to higher costs associated with after-hour deliveries and piecemeal development. Larger sites and sites located along a busy thoroughfare may afford the opportunity to enhance the marketability of the proposed improvements via increased visibility and access.

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The following is a brief discussion of relevant comparable sales in the immediate and competitive market areas of the subject property, followed by summary and analysis.

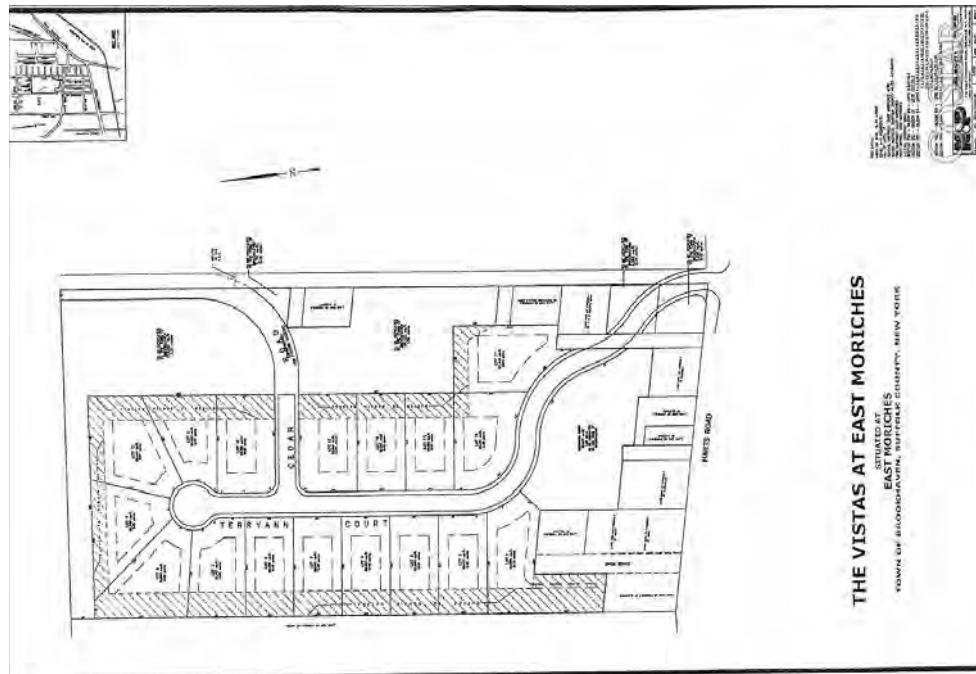
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Comparable Land Sale No. 1

<i>Project Name</i>	Vistas at East Moriches
<i>Location</i>	Harts Road, East Moriches, NY
<i>Sec./Block/Lot</i>	Section 85, Block 390, Lot 27
<i>Sale Price</i>	\$2,346,000
<i>Sale Date</i>	October 10, 2009
<i>Grantor</i>	V&C Holding Corp.
<i>Grantee</i>	Confidential
<i>Deed Recording</i>	N/A
<i>Site Size (acres)</i>	16.89 acres (735,728 square feet)
<i>Developable Units</i>	17
<i>Approvals</i>	Yes
<i>Unit Price</i>	\$138,000 per unit
<i>Description</i>	This is a recent sale of a development parcel located along the northerly side of Harts Road between Pine Street and Montauk Highway in East Moriches, NY. The site is zoned for single-family residential development. Approvals are in place for the development of 17 single-family homes on the site.
<i>Analysis</i>	This comparable's location is considered to have moderately superior residential characteristics compared to the subject property, and a moderate downward adjustment has been processed. This comparable's smaller yield potential requires a moderate downward adjustment. This comparable is considered to have a similar site utility, and no adjustment for this variable was considered to be necessary. Overall, a large downward adjustment was applied, indicating the value of the subject property to be \$103,500 per unit.

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Photograph and Site Map of Sale No. 1



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Comparable Land Sale No. 2

<i>Project Name</i>	N/A
<i>Location</i>	619 Broadway (Rt. 110), Amityville, NY
<i>Sec./Block/Lot</i>	Section 165, Block 2, Lot 49
<i>Sale Price</i>	\$820,000
<i>Sale Date</i>	March 24, 2009
<i>Grantor</i>	Riverdale Avenue Associates LLC
<i>Grantee</i>	NP Property Investors, Inc.
<i>Deed Recording</i>	Book 12593, Page 749
<i>Site Size (acres)</i>	0.80 acres (34,848 square feet)
<i>Developable Units</i>	13
<i>Approvals</i>	Yes
<i>Unit Price</i>	\$63,077 per unit

Description This is a recent sale of a 0.80-acre development parcel located along the easterly side of Broadway (a/k/a State Route 110), between Parthey Lane and Ronald Drive, just north of Sunrise Highway, in Amityville, NY. The site is zoned E-Business by the Town of Babylon and was sold with approvals in place for a 13-unit multifamily residential rental development with 25 surface parking spaces. Construction is nearly complete and the units are scheduled to be delivered in the Spring of 2010. The property was originally planned as a for-sale condominium project. However, due to declining market conditions, it has been re-positioned as a rental investment property.

Analysis This comparable's location is considered to have inferior residential characteristics compared to the subject property, and a large upward adjustment has been processed. This comparable's smaller yield potential requires a moderate downward adjustment. This comparable is considered to have a similar site utility, and no adjustment for this variable was considered to be necessary. Overall, a large upward adjustment was applied, indicating the value of the subject property to be \$82,000 per unit.

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Photograph and Site Map of Sale No. 2



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Comparable Land Sale No. 3

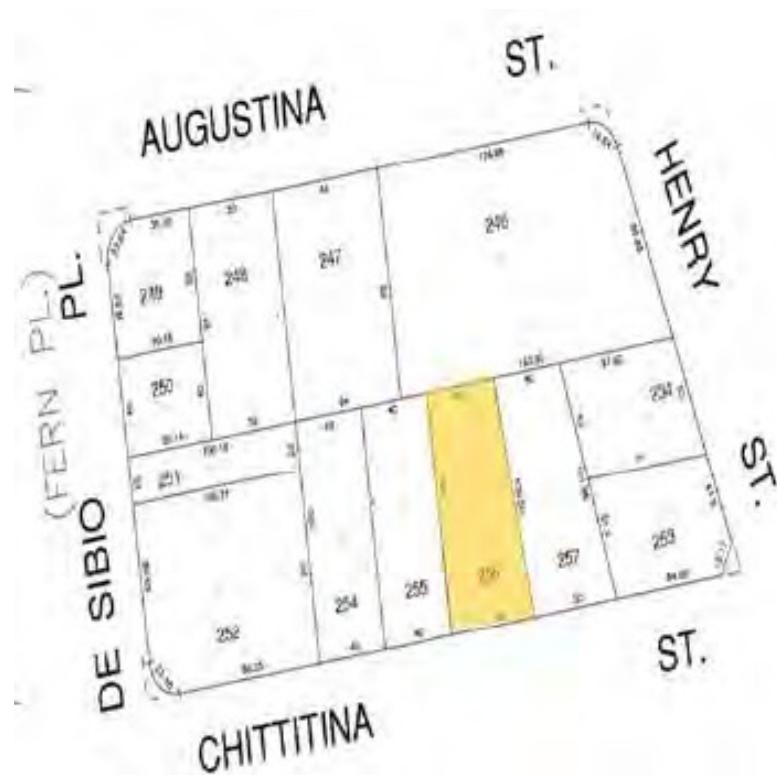
<i>Project Name</i>	N/A
<i>Location</i>	Christina Street, Inwood, NY
<i>Sec./Block/Lot</i>	Section 40, Block 447, Lots 232 and 233
<i>Sale Price</i>	\$275,000
<i>Sale Date</i>	November 4, 2008
<i>Grantor</i>	Mark Goldman
<i>Grantee</i>	Christina Street LLC
<i>Deed Recording</i>	N/A
<i>Site Size (acres)</i>	0.23 acres (10,019 square feet)
<i>Developable Units</i>	2
<i>Approvals</i>	Yes
<i>Unit Price</i>	\$137,500 per unit

Description This is the sale of 2 adjacent lots located along the northerly side of Christina Street between Henry Street and DeSibio Place, approximately ½ mile to the northwest of the subject property in the Five Towns community of Inwood, NY. The site is zoned Residence-A by the Town of Hempstead, and 2 single-family dwellings are permitted on the site. The selling broker indicated that the buyer intends to build 2 single-family homes on the site when market conditions improve.

Analysis This comparable's location is considered to have inferior residential characteristics compared to the subject property, and a moderate upward adjustment has been processed. This comparable's smaller yield potential requires a large downward adjustment. This comparable is considered to have a similar site utility, and no adjustment for this variable was considered to be necessary. Overall, a large downward adjustment was applied, indicating the value of the subject property to be \$99,000 per unit.

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Photograph and Site Map of Sale No. 3



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Comparable Land Sale No. 4

<i>Project Name</i>	Avalon Bay of Rockville Centre
<i>Location</i>	80-100 Banks Avenue, Rockville Centre, NY
<i>Sec./Block/Lot</i>	Section 85, Block 390, Lot 27
<i>Sale Price</i>	\$29,700,000
<i>Adjustments</i>	<u>\$5,000,000</u> (site remediation costs)
<i>Adj. Sale Price</i>	\$34,700,000
<i>Sale Date</i>	June 2008
<i>Grantor</i>	Chase Partners JV
<i>Grantee</i>	Avalon Bay Communities
<i>Deed Recording</i>	Book 12336, Page 433
<i>Site Size (acres)</i>	7.2 acres (313,632 square feet)
<i>Developable Units</i>	349
<i>Approvals</i>	Yes
<i>Unit Price (adjusted)</i>	\$99,427 per unit

Description This sale represents a development parcel located on the northerly side of Banks Avenue, just north of Sunrise Highway, approximately 5 miles northeast of the subject property, in western Nassau County. Approvals have been granted for the construction of a 349-unit townhouse-style rental development. In June of 2009 it was discovered that the site required \$10 million in soil remediation costs from the former use as a pharmaceutical laboratory. The Town will reportedly not issue building permits until the remediation is complete. Conversations with parties to the transaction and public records indicate that the developer was aware of remediation costs necessary to develop the site; however not to the extent of \$10,000,000. This cost was reportedly not discovered until the remediation began. Accordingly, we have tempered this adjustment to reflect \$5,000,000 in reasonable known costs to the developer. The remediation costs have been processed as an upward adjustment to the indicated sale price.

Analysis This comparable's location is considered to have inferior residential characteristics compared to the subject property, and a large upward adjustment has been processed. This comparable's larger yield potential requires a large upward adjustment. This comparable is considered to have a similar site utility, and no adjustment for this variable was considered to be necessary. Overall, a small downward adjustment was applied, indicating the value of the subject property to be \$93,710 per unit.

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Rendering of Proposed Project and Site Map of Sale No. 4



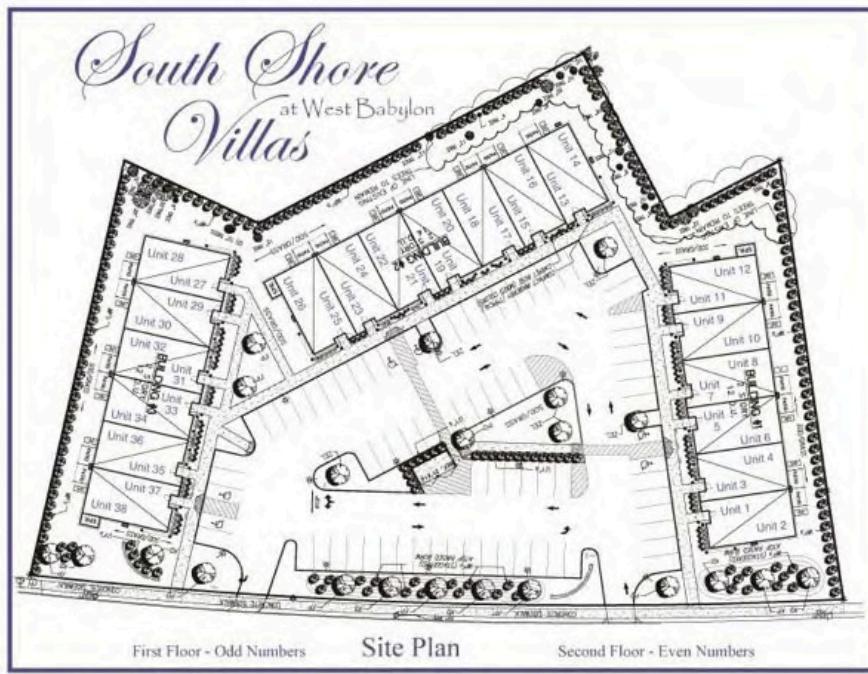
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Comparable Land Sale No. 5

<i>Project Name</i>	South Shore Villas
<i>Location</i>	280-296 Route 109, West Babylon, NY
<i>Sec./Block/Lot</i>	Section 209, Block 2, Lots 19, 22.3, 22.4, & 23.1
<i>Sale Price</i>	\$2,800,000
<i>Sale Date</i>	December 21, 2007
<i>Grantor</i>	Anthony & Thomas Pititto et. Al.
<i>Grantee</i>	South Shore Villas at West Babylon LLC
<i>Deed Recording</i>	Book 12535, Pages 189 and 197
<i>Site Size (acres)</i>	2.154 acres (93,828 square feet)
<i>Developable Units</i>	38
<i>Approvals</i>	Yes
<i>Unit Price</i>	\$73,684 per unit
<i>Description</i>	This is a sale of a 2.154-acre development parcel located along the westerly side of Rt. 109 in West Babylon, NY. The subject property site, comprised of 4 adjacent parcels of land, was recently developed with a 2-story, 38 unit residential condominium development. The development contains both 1- and 2-bedroom units.
<i>Analysis</i>	This comparable's location is considered to have inferior residential characteristics compared to the subject property, and a large upward adjustment has been processed. This comparable's smaller yield potential requires a moderate downward adjustment. This comparable is considered to have a similar site utility, and no adjustment for this variable was considered to be necessary. Overall, a moderate downward adjustment was applied, indicating the value of the subject property to be \$59,868 per unit.

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Photograph and Site Map of Sale No. 5



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Comparable Land Sale No. 6

Project Name The Seasons at East Meadow
Location n/s of Front Street; 1,041 feet west of Merrick Avenue, East Meadow, NY
Sec./Block/Lot Section 50, Block 340, Lots 461 and 481
Sale Price \$33,000,000 (Total payable to grantor)
Adjustment \$2,000,000 (Payable to a neighboring school district)
Adjusted Sale Price \$35,000,000 (total acquisition cost)
Sale Date November 19, 2007
Grantor Northeast Housing
Grantee Seasons at Mitchell Field
Deed Recording Book 12347, Page 578
Site Size (acres) 19.19 acres (944,381 square feet)
Developable Units 416
Approvals Yes
Unit Price \$84,135 per unit

Description This sale represents a development parcel located along the north side of Front Street, just west of Merrick Avenue and near the Meadowbrook State Parkway, in East Meadow, approximately 10.5 miles northeast of the subject property, in central Nassau County. This site is improved with a 416-unit senior citizen (age 62+) town-home complex which is operated under a homeowner's association. The units are housed in (23) 2-story plus basement buildings. The development includes a clubhouse, indoor and outdoor pools and a playground.

Analysis This comparable's location is considered to have inferior residential characteristics compared to the subject property, and a large upward has been processed. This comparable's larger yield potential requires a large upward adjustment. This comparable is considered to have a similar site utility, and no adjustment for this variable was considered to be necessary. Overall, a small downward adjustment was applied, indicating the value of the subject property to be \$79,297 per unit.

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Photograph and Site Map of Sale No. 6



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Comparable Land Sale No. 7

<i>Project Name</i>	Aqua-Oceanfront Condominiums
<i>Location</i>	403 East Boardwalk, Long Beach, NY
<i>Sec./Block/Lot</i>	Section 59, Block 161, Lot 37
<i>Sale Price</i>	\$3,850,000
<i>Sale Date</i>	March 27, 2007
<i>Grantor</i>	Brighton Associates
<i>Grantee</i>	EBM Long Beach, LLC
<i>Deed Recording</i>	Book 12251, Page 305
<i>Site Size (acres)</i>	2.41 acres (105,000 square feet)
<i>Developable Units</i>	36
<i>Approvals</i>	Yes
<i>Unit Price</i>	\$106,944 per unit
<i>Description</i>	This is a sale of a development parcel located along East Boardwalk and Lincoln Boulevard in the City of Long Beach, approximately 4.0 miles to the southeast of the subject property. This site was recently developed with an 8-story, 36-unit luxury residential condominium which contains a total area of 218,240 square feet. Many of the units benefit from spectacular oceanfront views.
<i>Analysis</i>	This comparable's location is considered to have moderately inferior residential characteristics compared to the subject property in terms of affluent households, and a moderate upward adjustment has been processed. This adjustment has been tempered due to the site location, which offers ocean views. This comparable's smaller yield potential requires a moderate downward adjustment. This comparable is considered to have a moderately inferior site utility given its location on the Long beach boardwalk waterfront and the difficulty in developing such a site. Accordingly, a moderate upward adjustment has been processed. Overall, a moderate downward adjustment was applied, indicating the value of the subject property to be \$73,524 per unit.

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Photograph of Sale No. 7



COMPARABLE DEVELOPMENT SITE SALES ADJUSTMENT GRID

Proposed Facility Name	Regency Residence Subject	Land Sale No. 1	Land Sale No. 2	Land Sale No. 3	Land Sale No. 4	Land Sale No. 5	Land Sale No. 6	Land Sale No. 7
Address	Vistas at E. Moriches	N/A	Christina Street	80-100 Banks Ave	Avalon Bay	South Shore Villas	Seasons at East Meadow	Aqua-Oceanfront
City, State	Harts Road	619 Broadway	Inwood, NY	Rockville Centre, NY		280-36 Route 109	ms of Front Street	403 East Boardwalk
Sale Date	Jul07	Oct-09	Mar-09	Nov-08	Jun-08	Dec-07	Nov-07	Long Beach, NY
Sale Price	\$30,120,000	\$2,346,000	\$820,000	\$275,000	\$27,700,000	\$2,800,000	\$33,000,000	\$3,850,000
Conditions of Sale		\$0	\$0	\$0	\$5,000,000	\$0	\$2,000,000	\$0
Adjusted Sale Price		\$2,346,000	\$820,000	\$275,000	\$34,700,000	\$2,800,000	\$35,000,000	\$3,850,000
Site Size (Acres)	3.74	16.89	0.80	0.23	7.20	2.15	21.68	2.41
Site Size (Sq.Ft.)	163,003	735,728	34,848	10,019	313,632	93,828	944,381	104,980
Units	144	17	13	2	349	38	416	36
Price per Unit								
Conditions of Sale								
Adjusted Price per Unit								
Market Conditions (Time)								
Time Adjusted Price per Unit								
Location								
Yield Potential								
Utility								
Total Post-Time Adjustments (%)								
Adjusted Price per Unit								
Important Ratios								
Units	144	17	13	2	349	38	416	36
Units (as a % of subjects)		12%	9%	1%	242%	26%	289%	25%
Units per Acre	38.50	1.01	16.25	8.70	48.47	17.64	19.19	14.94
Units per Acre (as a % of subject's)		3%	42%	23%	126%	46%	50%	39%
Site Size per Unit	1,132	43,278	2,681	5,009	899	2,469	2,270	2,916
Site Size per Unit (as a % of subject's)		3823%	237%	443%	79%	218%	201%	255%

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MAP OF COMPARABLE DEVELOPMENT SITE SALES



Summary

As noted in the foregoing adjustment grid table, the adjusted land sales cited exhibit a range of sale prices from \$59,868 to \$103,500 per unit, with an average of \$84,414 per unit. As such, based on the preceding analysis and with emphasis placed on Comparable Sales No. 1, 3, 4, and 7 as they are the most comparable, a unit value rounded to \$85,000 per approved developable unit is deemed appropriate for analysis of the subject property. Value is calculated as follows:

$$144 \text{ Units} \times \$85,000 \text{ per Unit} = \$12,240,000$$

Market Value Estimate

Accordingly, it is our opinion that the Market Value of the Fee Simple Interest in the subject property's underlying land, as if vacant available to be put to its Highest and Best Use, as of October 30, 2009, and exclusive of site preparation and foundation expenditures to date, is rounded to:

**TWELVE MILLION TWO HUNDRED THOUSAND DOLLARS
(\$12,200,000)**

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Adjustments to Value

Sunken Costs To-Date

According to developer-provided material (see Addenda), \$13,000,000 has already been expended in hard and soft costs, above and beyond the original site acquisition costs and interest reserves for the developer's lenders. Based upon conversations with the current owner, a significant portion of the soft costs were pre-funded prior to the development which did not take place with the exception of the demolition and foundation. In our analysis, we have added only the sunken hard costs associated with the demolition, excavation, and foundation, which total \$4,238,403. Soft costs of 25% of this amount, rounded to \$1,000,000 are added to reflect the total sunken costs necessary to represent a "clean" development site, with a functionally adequate foundation. The realized adjusted expenditures, rounded to \$5.3 million, are added as an adjustment to the previously indicated site value to represent the true "As Is" value of the subject property site as of the date of inspection.

The adjusted "As Is" value is as follows:

Site Value:	\$12,200,000
Development Costs Expended:	\$5,300,000
Adjusted "As Is" Market Value:	\$17,500,000

"As Is" Market Value

Accordingly, it is our opinion that the Market Value of the Fee Simple Interest in the subject property's land, and as if available to be put to its Highest and Best Use, and inclusive of already-sunken funds (hard and soft costs) expended by the developer, as of October 30, 2009, via the sales Comparison Approach, is:

**SEVENTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS
(\$17,500,000)**